



羅兵咸永道

Hong Kong Exchanges and Clearing Limited
8th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

19 March 2025

Dear Sirs

Re. Consultation Paper on Proposals to Optimise IPO Price Discovery and Open Market Requirements

PricewaterhouseCoopers welcomes the opportunity to respond to the subject consultation. Unless otherwise defined, terms used herein shall have the same meaning as those defined in the consultation paper.

We welcome the Exchange's initiative to review the IPO price discovery and open market requirements with an aim to retain the attractiveness and competitiveness of the Exchange's listing mechanism.

Potential OTC market

We support that an OTC market should be established in Hong Kong. This will not only facilitate trading of securities from issuers who have been delisted due to failure to meet ongoing public float requirement, but also provide an alternative platform for small and medium-sized enterprises (SMEs) that cannot meet the requirements for listing on the Exchange to raise fund. This will diversify funding sources and stimulate economic activity.

To bolster the financial landscape and ease the capital access for SMEs in Hong Kong, it is essential to explore the establishment of an OTC market. The OTC market would facilitate the fund raising and trading of stocks for SMEs with minimum entrance requirements. Such a framework aligns with Hong Kong's initiative to support SMEs by providing with a viable avenue to raise capital without the stringent requirements of traditional stock exchanges.

The OTC market would enable SMEs to access fundings and attract a broader base of investors. By creating this alternative platform, the city can further proliferate its financial ecosystem, allowing SMEs to survive and thrive a times of liquidity shortage.

Given an OTC market is generally subject to less regulatory scrutiny and less stringent requirements, there are more risks associated with the OTC trading, such as counterparty risk, volatility and speculation risk, fraud risk and challenges in exiting positions. In view of this, we consider that at the initial stage, the Exchange can consider restricting the OTC market to more experienced and sophisticated investors.

We hope the above are helpful. If you would like to discuss any matter further, please do not hesitate to contact [REDACTED]

Yours faithfully

